

FEEDYARD LABOR A GROWING CONCERN

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**A combination of factors is making the
feedyard labor situation critical.**

BY BURT RUTHERFORD



If it's a problem that baffled The Duke, it's a problem that will baffle anybody. In the movie "The Cowboys," John Wayne had cattle to take to market, only to have all his cowboys leave for the Gold Rush and the riches it promised.

Feedyard managers in the TCFA area can appreciate that dilemma. However, while John Wayne dealt with the problem as only he could, feedyard managers in TCFA Cattle Feeding Country don't have a movie script to guide them through their labor problem.

And it is a problem. Back in the good old days, while certainly a concern, finding enough labor to keep a feedyard humming wasn't on the top of the heartburn list for feedyard managers. But clearly, things have changed and getting all the workers feedyards need has become an urgent issue. In fact, in a needs assessment survey TCFA did in early 2008 of its Feedyard Members, hiring and retaining employees is the top concern.

What's The Problem?

"When you look at the whole system, we're just short of people, period," says Dr. Don Topliff, associate dean for the College of Agriculture, Science and Engineering at West Texas A&M University in Canyon and one of the researchers who conducted TCFA's needs assessment survey. "It's competition in a dwindling labor market."

And it won't get any better any time soon. Predictions for the High Plains, according to information presented at the High Plains Livestock 2027 Conference, held Sept. 5-6, 2007 in Amarillo, are that the coming 20 years promise to be filled with an increasing demand for labor and a tighter supply.

For the present, there are several reasons for the tight labor market. One, of course, is the post-September 11th effort by the Department of Homeland Security (DHS) to ratchet down on immigration. While border security is aimed primarily at those who would try to enter the country illegally, it's also had a chilling effect on legal immigrant labor, discouraging many would-be workers from attempting to come to the United States.

Then, says Gregorio Billikopf, agricultural labor management farm advisor with the University of California-Davis, employees who historically worked in agricultural operations in the major ag states are looking beyond those traditional borders for employment.

In an ongoing study he does of dairy operations in the Northeast, Billikopf says employment of foreign-born

immigrants was about 3% of their workforce in 2000. In 2003, it jumped to 22%. In 2006, it jumped again to 43%. "That is huge, going from 3% to 43% in six years," he says. "So one of the things that is happening is workers are putting down roots all over the U.S., not just in the traditional agricultural states of the past."

And those who stay have more options. As dairy and pork production, as well as other ag-related entities like ethanol plants, have moved into the TCFA area, the demand for workers has increased. Estimates indicate there are about 7,000 employees in feedyards, dairies and hog farms in the High Plains region. Projected growth implies the need for about 2,500 more workers in the next 20 years.

And then, like The Duke discovered, there is the draw of higher pay in non-agricultural industries. A prime example is the oil and gas industry where employment has risen right along with the prices we're paying at the pump.

To illustrate, let's look at the increased competition for labor that Texas Panhandle feedyards are getting from the energy sector. Back in the 1990s, the number of active oil and gas rigs in the region typically ranged between 10 and 20, which provided employment for maybe as many as 250 people in total. According to the Panhandle Producers and Royalty Owners Association, the rig count has jumped in recent years to approximately 90—an activity level sufficient to sustain more than 1,000 jobs. Oil and gas companies aren't having an easy time finding workers either, but they're helping their cause by offering wages that average \$23.50 an hour.

Wages per employee in all industries have averaged about \$25,000 annually over the last decade, according to information from the 2027 Conference. Meanwhile, agriculture wages have averaged about 70% of that total. While the ag wage statistic is skewed toward seasonal field workers in crop agriculture, the fact remains that ag wages historically are lower than other sectors of the economy.

And that means animal agriculture has had to step up. Data sources indicate higher wages in dairies as they bid for reliable, skilled employees, according to the 2027 proceedings.

The Times, They Are A-Changin'

Aside from being involved politically, through TCFA, NCBA and other livestock organizations, there's not much feedyard managers can do to solve the national worker shortage problem, Billikopf says. But political solutions are often painstakingly slow in bearing fruit.

Feedyard managers, on the other hand, are dealing with

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a clear and present danger of not being able to hire enough people to fill their labor needs. “However, feedyard managers can be more effective by hiring fewer, more capable workers who can earn higher wages. In this manner, they can get a handle on their own labor supply,” Billikopf says.

And that means feedyard managers are going to have to look at their labor situation in a different light. “There’s a recognition that what we’ve done in the past is probably not going to work,” Topliff says. “Industry wide, we’re going to have to do some things differently.”

Billikopf says one of the first things you can do is change the way you look at the hiring process. He worked with one employer who put an ad on Spanish-language radio stations. “Hispanics will spend more time (listening to) the radio than they will with any other mass media,” he says.

Then, he suggests giving a test before you hire. He says the first reaction he gets from many ag employers at this suggestion is a long sigh, followed with words to the effect that they don’t get many people who are looking for an ag job who know what they are doing.

“And I tell them it doesn’t really matter,” he says. Here’s how he suggests going about it: Bring all the people who have responded to your ads and other attempts to locate employees to the feedyard at the same time. Set up different work scenarios around the feedyard, such as handling cattle, driving equipment, performing feedmill maintenance, and so forth. Move them from station to station, carefully and clearly showing them how to do each job at each station, with an emphasis on safety.

“And then give them a chance to see how well they followed instructions. And my experience is they will vary enormously.” He says that employers often notice that some people, even if they’ve never worked around animals before or have never done other feedyard jobs, will catch on faster than others.

“And if you hire somebody who does well on your test, they are going to be more likely to do well on the job,” he says. They’re also more likely to want the job because they competed for it, and they’re more likely to stay longer because it’s a job they’re good at.

Then, once hired, you need to retain them. There are a number of ways to do that beyond their paycheck, Billikopf

says, such as developing an incentive program based on goals that are positive to the feedyard operation. “One thing to avoid is simply paying people a bonus because this happened to be a good year,” he says. “Because next year, they may work just as hard, but it may be a bad year.” And not getting a bonus can be a major disincentive, particularly if employees think they deserve one.

Open communication is another good way to help employees feel good about working for you. Hispanics, Billikopf says, are not accustomed to being asked their opinion and can be reluctant to speak up. You can change that over time, and the results are positive for both sides.

Start by asking your employees what they think about their job and how they think they can do it better. “Make it clear that you don’t want one opinion, you want lots of opinions. And start with the less senior employees. And I don’t mean senior by age, I mean senior by employment at the feedlot.”

If you start with the longest-tenured employees, the newer hires, out of respect, won’t speak up. But if you show your workers that you value their opinion and respect what they have to say, you’ll open lines of communication that will help not just in becoming more efficient, but in building employee satisfaction.

Family is an important aspect of the Hispanic culture and understanding that dynamic can go a long way in retaining employees. As all managers know, ongoing training is important.

Combine the two and you’ll increase the loyalty among your crew. Say you’re planning a safety meeting to provide training that is important for your employees to know. Invite their families and make the meeting a combination cookout and training. The employee knows that his family is important to the company and the family learns the reasons that safety is important for the employee. The family will then reinforce the training the employee received.

Outside the feedyard, help your Hispanic employees and their families with basic life skills, such as enrolling their children in school, taking out a loan, finding health care and buying a house, among other things. You might consider hiring someone to help facilitate Hispanic

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employees' needs outside of work or expand the job function of an existing employee to accommodate this need.

"There are A Class feedlots, B Class feedlots and C Class feedlots in terms of how people feel about working there," Billikopf says. "And in my experience, as you move toward A Class, you find that even when a worker leaves, somebody else shows up." Word gets around, he says, and if your feedyard has a reputation as a good place to work, a relative or friend of the departing employee may step up to fill the opening.

For more on ag labor management, Billikopf has written a book titled "Labor Management in Agriculture" that is available in both English and Spanish and can be downloaded at no charge. The English version is available at www.cnr.berkeley.edu/ucce50/ag-labor and the Spanish version is at www.cnr.berkeley.edu/ucce50/agro-laboral.

Clearly, the economic and demographic climate in Cattle Feeding Country is changing, and those changes are going to continue to pressure the labor market. Creativity in addressing those pressures will be essential. 🐾

EDITOR'S NOTE—Burt Rutherford is the senior editor of *BEEF* magazine.

TCFA Steps Up

TCFA has stepped to the fore to help Feedyard Members navigate the changing ag labor market. Here are a few of the things TCFA is working on:

- The TCFA Board of Directors formed a new Human Resources Committee in 2008. The committee will assess the feedyard labor market and suggest ways TCFA can help its members with their human resources needs.
- TCFA, working with West Texas A&M University and Texas A&M University, conducted an educational needs assessment survey of its Feedyard Members to identify what feedyard managers say are their needs for employee training, research in labor issues and other critical items in the labor shortage arena.
- TCFA continues to be very involved in the immigration discussions going on at the federal level, both legislatively and within the Department of Homeland Security, Department of Labor and USDA.
- The Association will continue to sponsor, as it has for many years, a Personnel Management Seminar for ag employers.
- In September 2007, TCFA co-sponsored the High Plains Livestock 2027 conference, which looked at many aspects of livestock agriculture in the TCFA area, including human resources issues. The Association is now fulfilling the educational and training objectives that were set during the conference.

"The TCFA Board and our members have given us clear direction," says TCFA President & CEO Ross Wilson, "that labor needs are one of their top concerns. TCFA will continue to place increasing emphasis on this as we work to keep feedyards in Cattle Feeding Country competitive in the cattle feeding industry."

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